

COMMONWEALTH OF KENTUCKY  
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
DIVISION OF WATER

**WATER WELL DRILLERS  
PERFORMANCE BOND**

- (1) Cash Bond.
- (2) Surety Bond No. \_\_\_\_\_ .
- (3) Certificate of Deposit No. \_\_\_\_\_ .

KNOW ALL MEN BY THESE PRESENTS: that the undersigned \_\_\_\_\_ hereinafter referred to as the **Principal** and \_\_\_\_\_ as **Surety** are held and formally bound unto the Environmental and Public Protection Cabinet as **Obligee** in the penal sum of five thousand dollars (\$5,000).

- \_\_\_\_\_ (1) Which sum is herewith deposited with the Department for Environmental Protection of the Environmental and Public Protection Cabinet.
- \_\_\_\_\_ (2) For the payment of which sum is to be well and truly made (Surety Bond).
- \_\_\_\_\_ (3) Which sum is herewith deposited with the Department for Environmental Protection, by and through its Escrow Agent, \_\_\_\_\_ .

As a guarantee that all applicable laws, rules, regulations and the terms of this bond will be observed and hereby bind ourselves, our heirs, executors, administrators, successors and assigns jointly and severally, firmly by these presents. This bond is effective upon receipt by the Department for Environmental Protection.

THE CONDITIONS OF THE ABOVE OBLIGATION ARE SUCH, that whereas the above-bound Principal, pursuant to the provisions of KRS Chapter 223, did file with the Environmental and Public Protection Cabinet application for certification to engage in the drilling of water wells in the Commonwealth of Kentucky.

Now, if the said Principal, shall faithfully comply with the requirements of KRS 223.405 through 223.460 and all rules and regulations which have been or may hereafter be promulgated pursuant to those sections, then this obligation shall be released; otherwise, it is agreed that said penal sum shall be paid to the Commonwealth of Kentucky, Environmental and Public Protection Cabinet, upon receipt of an Order of the Cabinet. In the event of bond forfeiture, the Principal shall forfeit all the bond amount.

The obligations of this bond shall continue indefinitely. The Surety may at any time terminate its liability by delivering written notice of the termination by certified mail to the Executive Secretary and Treasurer of the Kentucky Water Well Drillers Certification Board. The obligation of the Surety shall continue concerning violations occurring for thirty (30) days after the date that the Executive Secretary and Treasurer of the Kentucky Water Well Drillers Certification Board receives written notice by certified mail. The Surety shall not be liable for violations occurring after the thirty (30) day time period expires.

Name of the Principal:

\_\_\_\_\_

\_\_\_\_\_  
Signature of the Principal

Subscribed and sworn to before me by \_\_\_\_\_ ,  
this the \_\_\_\_\_ day of \_\_\_\_\_ , 200\_\_\_\_ .

\_\_\_\_\_  
Signature of **NOTARY PUBLIC**

My Commission Expires:

\_\_\_\_\_

**COMPLETE FOR SURETY BOND:**

Surety: \_\_\_\_\_

Address: \_\_\_\_\_

Local Agency Issuing Bond: \_\_\_\_\_

Address: \_\_\_\_\_

By: \_\_\_\_\_

Official Position: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Note: The person who signs for a surety company must file with the bond a copy of the power of attorney showing authority to sign. All bonds executed by an out-of-state agency must be countersigned by a resident Kentucky agent.

Countersigned by: \_\_\_\_\_

Agent for: \_\_\_\_\_

Address: \_\_\_\_\_

## ESCROW AGREEMENT

This agreement, made, executed and delivered this the \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by and between \_\_\_\_\_ hereinafter referred to as the **Applicant** and \_\_\_\_\_ hereinafter referred to as the **Escrow Agent** and the Kentucky Environmental and Public Protection Cabinet, Department for Environmental Protection, hereinafter called the **Cabinet**.

### WITNESSETH:

Whereas Applicant desires to obtain a certificate to construct, alter or repair water wells in the Commonwealth of Kentucky; and

Whereas the laws of the Commonwealth require that a bond be posted to guarantee performance with all applicable laws of the Commonwealth administered by the Cabinet; and

Whereas Applicant desires to meet the bonding requirements to obtain such a certificate by executing a bond and posting surety in the sum of five thousand dollars (\$5,000) with the Cabinet to be held by the Escrow Agent.

Whereas such sum shall be placed in the safe custody of the Escrow Agent and the Escrow Agent is directed to purchase certificate(s) of deposit of the \_\_\_\_\_, which certificates of deposit are more fully described as follows, to wit:

#### Certificate Number

#### Date Of Issuance

#### Principal Amount

And whereas this agreement is a supplement to the bond filed by the Applicant.

Now, therefore, in consideration of the premises set forth herein, the parties hereto mutually agree as follows:

1. The Escrow Agent hereby acknowledges receipt of the certificates of deposit above listed, to be safely and securely kept by it for the stated purposes of this agreement and subject to the terms and conditions herein, and hereby binds itself to perform completely under the terms of this agreement and to dispose of the certificates of deposit or the proceeds therefrom only as provided herein. The Escrow Agent further agrees to exercise due care in the safekeeping and delivery of the certificate of deposit;

2. The parties agree the certificates of deposit or any subsequent certificates of deposit are and shall be made payable in favor of the Escrow Agent only and the parties further agree that until such time as the Cabinet orders that the bond be forfeited, all interest accruing on the certificates of deposit shall be disposed of in accordance with paragraphs 4, 5, and 6 of this agreement;

3. The parties agree that the Escrow Agent is hereby authorized and directed to insure that the certificates of deposit remain in full force during the term of this agreement and the Escrow Agent may upon notice to all parties and upon maturity of the certificates of deposit, issue new certificates of deposit of face value equal to the outstanding amount of the bond. In the event of such issuance, the new certificates of deposit shall replace the certificates of deposit herein for all purposes and shall be subject to the conditions of this agreement;

4. Any interest accruing on the certificates of deposit shall be held by the Escrow Agent until such time as the bond has been released or forfeited or the certificates of deposit have matured and been replaced by new certificates of deposit. No interest shall be paid to the Applicant on any certificate of deposit until such time as the certificate of deposit matures or a full release has been obtained from the Cabinet or until the bond has been forfeited and any penalty resulting from the cashing of the certificate of deposit has been satisfied;

5. Upon the Cabinet's written notice to the Escrow Agent of the Cabinet's release of such bond, the Applicant may direct the Escrow Agent to either issue one or more new certificates in the name of the Applicant for the amount so released or to return the principal amount so released to the applicant by cashier's check with accrued interest plus any penalty for premature cashing of such certificate;

6. In the event of forfeiture of the bond herein and upon the Cabinet's written notice of such forfeiture to the Escrow Agent, the Escrow Agent shall promptly cash the certificate(s) of deposit and forward to the Cabinet a cashier's check in the outstanding amount of the bond, pay any penalties which result from the cashing of the certificate(s) of deposit from the interest accrued thereon, and remit any remaining interest and principal to the Applicant;

7. The parties agree that neither the Escrow Agent nor the Cabinet shall be liable for any loss of interest which may result to the Applicant as a result of an order of forfeiture;

8. The Escrow Agent shall not be liable for inquiring whether a legal or factual basis for forfeiture exists and in such matters the Escrow Agent may rely upon the instructions of the Cabinet executed by the Secretary of the Cabinet, his designee, or his successor or the successor agency as provided by law. The Escrow Agent need not verify the apparent authority of an Agent of the Cabinet in carrying out the Cabinet's instructions. Nothing herein shall prevent the Cabinet from designating a person authorized to act for it in any other lawful manner;

9. That for value received the Applicant does hereby assign, transfer and set over to the Commonwealth of Kentucky all right, title and interest which the Applicant may have in the certificate(s) of deposit. The parties agree that the certificate(s) of deposit are being held solely for the benefit of the Commonwealth of Kentucky and that the applicant has relinquished all right, title and interest to the certificates of deposit as provided herein. The Applicant may not pledge or encumber in any manner the certificates of deposit or any renewal certificate of deposit or the interest due thereon, so long as the same are subject to the conditions of the bond herein;

10. It is agreed, as between the parties, that in the event the Escrow Agent closes or goes into receivership, any Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration insurance proceeds paid on, to, or as a result of the certificate of deposit, shall first be applied to cover the certificates of deposit.

11. The parties agree that the Escrow Agent shall be the Cabinet's agent in holding the certificates of deposit for the purpose of perfecting the Cabinet's security interest in those certificates of deposit under KRS Chapter 335.

12. This agreement shall be binding upon the successors and assigns of the respective parties; and

13. Upon receipt by the Escrow Agent of written notification by the Cabinet of the forfeiture or the release of the bond herein, and the disbursement pursuant to this agreement by the Escrow Agent of certificates of deposit or the proceeds therefrom and any interest accrued thereon, the Escrow Agent shall be discharged of any and all duties and liabilities arising out of or as a result of this agreement.

**Name of the Applicant:**

\_\_\_\_\_

Signature of the Applicant

Date: \_\_\_\_\_

**Environmental and Public Protection Cabinet**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**Escrow Agent:** \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_